INFORMATION BULLETIN

2009-1

January 20, 2009

Harmonization with Certain Measures Announced by the Federal Government in December 2008

This information bulletin gives the position of the ministère des Finances concerning the announcements made by the Minister of Finance of Canada December 29 and 30, 2008, concerning amateur athlete trusts and the various limits and rates governing the deductibility of automobile expenses and the calculation of the value of the taxable benefits relating to the use of an automobile for 2009.

For information regarding the matters dealt with in this information bulletin, contact the Secteur du droit fiscal et de la fiscalité at 418 691-2236.

The French and English versions of this bulletin are available on the ministère des Finances website at : www.finances.gouv.qc.ca

Paper copies are also available, on request, from the Direction des communications, at 418 528-9323.

Finances Québec

1. AMATEUR ATHLETE TRUSTS

On December 29, 2008, the Minister of Finance of Canada announced, in a news release,[1] legislative proposals to increase the number of Canadian amateur athletes eligible to defer, by means of an amateur athlete trust, payment of tax on income from endorsements, cash prizes or income obtained from public appearances or speeches.

Since Québec's tax system is harmonized with the federal tax system with respect to amateur athlete trusts, Québec's tax legislation will be amended to incorporate the proposed federal measures. However, these measures will only be adopted following the assent given to any federal legislation giving effect to them, taking into account the technical changes that may be made to them before such assent.

These new measures will apply on the same dates as for the purposes of the federal tax system. For greater clarity, where, for the purposes of the federal tax system, an amateur athlete makes, for 2008, a valid election so that any amount received, before March 3, 2009, by a sport organization or the issuer of an account, as the case may be, is deemed income of the trust created for the benefit of the athlete and not income for the latter, an identical election will be deemed made for the purposes of Québec's tax system. On the other hand, in the absence of such valid election for the purposes of the federal tax system, an election to that effect may not be made for the purposes of Québec's tax system.

2. LIMITS GOVERNING THE DEDUCTIBILITY OF AUTOMOBILE EXPENSES AND RATES FOR BENEFITS RELATING TO THE USE OF AN AUTOMOBILE FOR 2009

On December 30, 2008, the Minister of Finance of Canada announced, in a news release,[2] that the various limits and rates governing the deductibility of automobile expenses and the calculation of the value of the taxable benefits relating to the use of an automobile that applied in 2008 will apply in 2009.

In this regard, in keeping with the principle of substantial harmonization of tax legislation regarding automobiles, the various limits and rates governing the deductibility of automobile expenses and the calculation of the value of the taxable benefits relating to the use of an automobile contained in Québec's tax legislation and regulations, will remain unchanged for 2009. These limits and rates are described in the appendix.

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1 DEPARTMENT OF FINANCE CANADA, *News Release 2008-113*, December 29, 2008.

2 DEPARTMENT OF FINANCE CANADA, *News Release 2008-114*, December 30, 2008.

Appendix

Limits governing the deductibility of automobile expenses and rates for benefits relating to the use of an automobile

Automobile expenses or value of certain taxable benefits	Limit or rate
Amount deductible from allowances paid by an employer to an employee according to distance travelled with his automobile:	
– first 5 000 km	As of January 1, 2009, the limit will remain at 52 cents/km[1]
– additional kilometres	As of January 1, 2009, the limit will remain at 46 cents/km[1]
Value of the benefit relating to operating expenses of an automobile that an employee uses for personal purposes, where the automobile is supplied by his employer:	
– if the job consists mainly in selling or renting automobiles during the taxation year	As of January 1, 2009, the rate will remain at 21 cents/km
– in other cases	As of January 1, 2009, the rate will remain at 24 cents/km
Maximum capital cost of passenger vehicles for the purposes of the deduction for depreciation	For vehicles acquired after 2008, the maximum capital cost will remain at $30 000[2]
Interest expenses eligible as a deduction	For vehicles acquired after 2008, the limit will remain at $300/month
Leasing charges eligible as a deduction	For leases concluded after 2008, the limit will remain at $800/month[2]

1 The limit will continue to be 4¢ higher per kilometre in the Yukon Territory, the Northwest Territories and in Nunavut, to reflect the higher cost of maintaining and operating a vehicle in those territories. Accordingly, it will remain at 56¢ for the first 5 000 kilometres and at 50¢ for additional kilometres.

2 Before applicable sales taxes.